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## Feeding the Recovery: FoodDrinkEurope leads the way

Ronan Gormley reviews the 30<sup>th</sup> Anniversary Congress of FoodDrinkEurope held in Brussels on 17/18 October 2012 on feeding economic recovery in Europe and on ways that European food and drink firms can contribute to this



### Introduction

FoodDrinkEurope represents Europe's food and drink industry and has as its members 25 national food federations, 26 European food sectors and 19 companies. Its mission is to facilitate the development of an environment in which all of Europe's food and drink companies, whatever their size, can meet the needs of consumers and society, while competing effectively for sustainable growth ([www.fooddrinkeurope.eu/](http://www.fooddrinkeurope.eu/)).

FoodDrinkEurope evolved from the CIAA (Confédération des Industries Agro-Alimentaire de l'EU, which was established in 1982 and became FoodDrinkEurope in 2011.

### Europe's food and drink industry (EFDI)

The EFDI is the number one manufacturing industry in the EU with an annual turnover of €956 billion and direct employment of four million people. Small- to medium-sized enterprises (SMEs) are the core of the EFDI and comprise 99% of companies, 48% of added value, 49% of turnover, and 63% of employment in the sector (1). The potential of the EFDI is well recognised by FoodDrinkEurope and hence the timely Congress in Brussels on '*Feeding the Recovery*' embracing four sessions: (a) driving sustainable economic recovery; (b) enhancing consumers' lives; (c) creating smart green growth; and (d) conclusions. All sessions were moderated by high profile broadcasters and there were 330 attendees.

### Driving sustainable economic recovery

This session focused on current challenges and global trends affecting the EFDI, including industry needs and stimulation of sustainable economic growth for Europe's future. Calleja Crespo (Director General, DG Enterprise & Industry) sent a recorded message wishing the Congress success and noted that the topic was particularly relevant and that the event was being held in the EU SME week. This was followed by two keynote presentations and a debate with six panellists.

**Keynote 1** (David Zaruk, VUB, Brussels) stressed that a time of crisis is often a good opportunity for industry to retool and dramatic changes such as an increasing

ageing population will present huge difficulties and opportunities, i.e. greatly increased cost of healthcare for the elderly and the scope for the EFDI to provide a plethora of convenient healthy foods for elderly consumers. Currently, many consumers are confused and many don't trust the EFDI. Concerns include spiralling food prices; a perceived lack of food security; questions about functional foods; contamination of nature; re-labelling of sub-standard foods sourced outside the EU as 'good European'; and chemical residue and preservative levels in foods. The way forward is to practice state-of-the-art risk management and thus gain consumer confidence and trust.

**Keynote 2** (Paola Testori Coggi, Director General DG Sanco) highlighted the importance of a first-class food safety system in Europe and the need for strict implementation. Consumers need to be reassured and informed that they are being well protected in terms of food safety and a fully functioning internal market. Strict legislation is needed to ensure a level playing field for all and information on food labels both on composition and the presence of allergens must be clear with symbols replacing words in many cases. Safety in innovation gives added value and it is important to remember that the EFDI touches the daily lives of every citizen.

**Discussion panel outcomes**

- Ten to twenty years ago the European Food and Drink sector was in growth phase; the opposite is the case now. However, huge opportunities exist due to increased global population and *per capita* availability of more money to spend on food. Global exports of food will increase by at least 20% over the next five years but Europe may not glean much of this due to over-regulation and bureaucracy. Consumer demands must be followed and the food and drink industry must become more transparent.
- A USA panellist concurred with the above, i.e. there are too many restrictions on food companies and farmers, and Europe is in danger of becoming a 'food museum'. Choice is a primary issue and there may be too much cultural innovation in food and not enough scientifically-based innovation. Europe's potential lies in high quality food production in new global markets rather than relying on traditional products.
- The above was countered by an SME panellist who said that Europe is proud of traditional products such as Parma ham and champagne and these and other traditional products have a strong future in global markets. Many traditional products are produced by food SMEs and these companies see current European regulations and bureaucracy as anti-innovative in their quest to make new or modified food products. Quick decision-making by authorities is imperative. For example, the time and difficulty in getting health claims approved is anti-business. Therefore, European food and drink SMEs must be protected and facilitated in the highly competitive international food arena in order to enable them fulfil their innovation potential.

An audience electronic poll to a number of posed questions cited (a) overcoming bottlenecks to innovation (Table 1), and (b) access to finance for SMEs (Table 2) as the most important.

**Table 1: What does Europe's food and drink industry need to do most to emerge stronger and more competitive from the economic downturn?**

Overcome bottlenecks to innovation	27.5*
Increase its export capacity via trade & market access	14.5
Ensure workforce skills and life-long learning	7.2
All of the above	50.7

**Table 2: What is most needed to help SMEs in Europe's food and drink industry become more competitive globally?**

Access to finance	40.8*
Knowledge transfer of expertise	20.4
Training	5.3
Opportunities to be involved in more R&D/innovation projects	33.6

\*% of attendees responding to each item

### Enhancing consumers' lives

The EFDI provides Europe's 500 million consumers with safe, nutritious and affordable food and drink products on a daily basis. This session involved a panel of seven experts who examined how Europe's food industry is placed to continue serving European consumers while playing an active role in consumer wellbeing, balanced diets and healthy lifestyles. This involves tackling dietary habits and sedentary lifestyles, ensuring the EU remains an attractive place for investment in R&D, and developing a better regulatory environment which is underpinned by good science.

#### Discussion panel outcomes

- Consumer needs are becoming more complex due to the age span, i.e. food needs of the young must be served as must those of an ever-increasing number of elderly people and also the very large number in between. This presents a major industry opportunity and challenge, and innovation must be geared to deliver these diverse requirements. Producing nutritious convenience foods for the elderly offers huge potential.
- While the regulatory framework is there to safeguard consumers, the system needs streamlining to ensure better communication between legislators and the food industry; currently there is no industry representation on the board of the European Food Safety Authority (EFSA). The approval or rejection procedures for functional food claims are much too slow. It is also important for legislators and consumers to communicate as food crises/scares greatly shake consumer

confidence and in such situations advice from regulators must be well prepared, informative, accurate, reassuring and honest. This approach will result in a more risk literate society.

- Consumers need to make healthy choices but these are frequently not the easy choices and are usually more expensive. Indulgent foods should also be made healthier. In this regard perhaps food companies should consider themselves in the health business rather than the food business. Cleverer marketing is needed to promote healthy products, e.g. information available on smart phones is a good route to the younger generation. Consumers also need education about the food chain. The concept of farm-to-fork is often not straightforward as some of the ingredients in formulated food products may be sourced from a number of different countries.
- Convenience foods are essential for today’s consumers, many of whom are time poor. They want fresh-cut fruit products, ready meals and prepared foods that are microwave friendly, and packaging that is readily disposable. On-pack lists of ingredients, nutritional labelling, shelf-life and cooking instructions need to be in much larger print, more focused and relevant to the product in question.

An audience poll to a number of posed questions cited (a) the critical importance of innovation in meeting the challenges of healthy ageing in Europe (Table 3), (b) flavour as the greatest influence on food purchasing decisions (Table 4), and (c) doing more with less (resource efficiency) (Table 5) as the most important.

**Table 3: How important is food and drink industry innovation in meeting the challenges of healthy ageing in Europe**

Critical	45.7*
Important	40.2
Not very important	8.7
Not at all important	5.5

\*% of attendees responding to each item

**Table 4: Which of these factors most influence your purchasing decisions?**

Flavour	71.6*
Convenience	7.8
Price	12.9
Energy content	6.0
Environmental considerations	1.7

\*% of attendees responding to each item

**Table 5: What is the next big challenge facing Europe's food and drink industry?**

Adapting to the increasingly on-line information age	6.8*
Being equipped to address the needs of a healthy ageing population	12.9
Doing more with less (resource efficiency)	49.2
Promoting balanced healthy diets & healthy lifestyles among consumers	31.1

\*% of attendees responding to each item

### Creating smart green growth

This session examined food operators' progress towards environmental sustainability in response to the dual environmental challenges of feeding a growing world population and achieving resource efficiency. The **keynote address** (Georg Haeusler, Head of Cabinet, Agriculture and Rural Development) focused on elements relating to reform of the CAP especially competitiveness, sustainability and growth. More money will be directed towards competitiveness to ensure a more level playing pitch. The session continued with five expert panellists who presented briefly and then debated the topic with audience participation.

#### ***Discussion panel outcomes***

- The green business sector has shown surprising resilience during the current recession. Sustainable agriculture and food production is a major goal with partnership between industry and environmental agencies essential. Changing balance of global food production and an increasing population to feed will stress both food and environmental systems. Agriculture, therefore, must become smarter and many consumers demand that their food comes from farms/companies who produce by sustainable methods and who demonstrate traceability.
- New evidence on the minimal effects of GM crops on the environment and human health is coming on stream daily and the situation needs to be reviewed before Europe becomes a 'GM island' with major negative economic impact. In defence, a panel member stressed that the EU takes a precautionary approach to GMs and cannot be said to be over-regulating. Bad and untrue publicity concerning GM agriculture does untold damage and unnecessary consumer backlash. Dialogue with consumers is, therefore, essential to avoid them being swayed by opinion rather than fact.

- The EFDI must be more proactive in engaging with consumer concerns such as too much packaging, pesticides, food additives, avoiding waste, food miles, GM crops and organic production. Companies must take cognisance of the whole food chain and inform consumers accordingly. Food waste must be dramatically reduced as Europe produces 90 million tons of food waste annually and about 66% of this is avoidable. Wastage occurs both in the supply chain and in the home.

An audience poll to a number of posed questions cited developing sustainable supply chain partnerships (Table 6) and improving waste management across the food chain (Table 7) as the most important.

**Table 6: What is the top priority for Europe’s food & drink industry as it strives to become more sustainable?**

Developing sustainable supply chain partnerships	48.1*
Informing consumers about the environmental impact of food and drink choices	16.9
More sustainable production methods using new technologies & increased R&D & innovation	32.5
Better knowledge transfer expertise	2.6

**\*% of attendees responding to each item**

**Table 7: Where do efforts need to be focused in order to tackle food waste?**

Awareness raising & consumer information	38.3*
Product development to help reduce waste	12.3
Improving waste management across the food chain	45.7
More support for food banks	3.7

**\*% of attendees responding to each item**

## Conclusions

Four expert panellists and the audience contributed to this session and the main outcomes were:-

- The EFDI has shown great resilience and must look forward with optimism as there are huge global opportunities despite the recession. The industry must stand back, address challenges, listen and learn from stakeholders, and avoid the paralysis of priorities.
- Improving public perception of the EFDI is critical and open and transparent dialogue is essential for building a community of trust, e.g. forming public/private partnerships in key areas of consumer concern. Industry must show leadership and innovate new ways of disseminating information to consumers via the latest developments in information technology.
- The EFDI must strengthen its innovation capacity in order to reap current and future opportunities, and retain Europe's place as a recognised source of safe, high quality food. Urgent action is needed to ensure that food companies' innovation capability is not stunted by over-regulation and bureaucracy. Therefore, the European food innovation system and all that it entails needs to move much faster to ensure that Europe's food and drink companies are not disadvantaged and can maintain competitive edge in the global market. This concurs with a recent publication suggesting that the European food innovation system needs major overhaul (2).

## References

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